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382CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

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COUNTRY Germany (Russian Zone)

DATE:

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INFO.

SUBJECT Nationalization of Industry
in State of Saxony

DIST. 12 January 1948

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SUPPLEMENT

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1. On several occasions since July 1947, Minister of Economy Selbmann of Land Saxony presented to SMA a plan for indirect nationalization of industry in the Land. The method he suggested was the creation of three state companies in which fifty-one percent of the capital was state controlled. He offered to assume the position of chairman of the board of trustees, with the title of works adviser (Vertrauensrat).
2. The plan was eventually accepted by Saxony economics officials and by members of SMA, and two firms were created: Sächsisches Industrie-Kontor, SIK (Industrial Office of Saxony) and Sächsische Zentralhandelsgesellschaft (Central Trade Company of Saxony). The third firm was to have been a state export company; its formation was, however, actively opposed by Colonel Chernov, chief of the export section of the Department of Economy of SMA Saxony. Selbmann, through Pieck and Grotewohl of SED, brought the question to the attention of SMA Karlshorst and promised that if his plan were carried out completely, he would guarantee regular fulfillment of production quotas. During October 1947, SMA Karlshorst approved the state export company, and Selbmann was made supervisor of the plan.
3. The three companies were scheduled to start operations under full state control on 1 January 1948. Selbmann had not indicated how completely he intended to nationalize various branches of industry, but had outlined the following provisions:
 - a. The Industrial Office of Saxony (SIK), with a division for each industry, was to be responsible for distribution of all raw materials (previously carried out by the Land government and its local branches, and for small firms through the Kreisrat or Landrat). It was also to undertake wholesale distribution of finished and semi-finished products to major wholesale distributors, consumers cooperatives, and the Central Trade Company.
 - b. The Central Trade Company was responsible for distribut-

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ing products to retail dealers, showing preference to cooperative stores.

- c. The export company was to take over control of the entire import and export trade. The private companies which had carried on export trade under SMA approval (Vertrauenshändler der SMA) were to be completely eliminated or used in a service capacity without the right to handle private business.

4. The [redacted] export company was never actually formed. On 7 November 1947, [redacted] all activities in connection with Seemann's nationalization plan had been suspended by order of SMA Karlshorst, until the end of the London Conference.

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[redacted] Comment: SMA economists are often in difficulties with the political section of SMA because of their practical but often non-Communist approach to Russian Zone economic problems. Many have been denounced by German Communists and have had to defend themselves in party courts.

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[redacted] Comment: As a result of the projected activities in the export field, one firm, Fütting and Company of Zwickau and Zöblitz, decided to move its export division to Berlin and to operate from its branch office there, Max Reinhardt Street 20a, until permanent headquarters could be established. The removal from Saxony was explained to the authorities on the grounds that foreign customers could reach Berlin more easily.

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